



**NAPA-VALLEJO WASTE  
MANAGEMENT AUTHORITY**

Agenda Date: 6/5/2014

Agenda Placement: 7B

## Napa-Vallejo Waste Management Authority Board Agenda Letter

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**TO:** Board of Directors

**FROM:** Richard Luthy - Executive Director  
Napa-Vallejo Waste Management Authority

**REPORT BY:** Marie Nicholas, Accountant-Auditor II - 253-4977

**SUBJECT:** Napa-Vallejo Waste Management Authority - Internal Audit Report for the Quarter Ended December 31, 2013

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### **RECOMMENDATION**

#### **DRTS QUARTERLY FINANCIAL AUDIT**

REQUESTED ACTION: Executive Director requests acceptance of Napa-Vallejo Waste Management Authority -- Internal Audit Report for the quarter ended December 31, 2013.

### **EXECUTIVE SUMMARY**

Staff recommends acceptance of the Internal Audit Report solely to assist the Authority Board and management with respect to the review of revenue and accounts receivable associated with inbound customers; and verification of controls associated with fees, manual tickets, stored tare weights, voids and issuance of tickets at Devlin Road Transfer Station operated by Northern Recycling Operations & Waste Services, LLC (Northern), for the quarter ended December 31, 2013.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of

Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

## **BACKGROUND AND DISCUSSION**

This engagement was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. We have performed a review applicable to the revenue and other elements noted below for the Napa-Vallejo Waste Management Authority (Authority). This review is solely to assist the Authority Board and management with respect to the review of Revenue and Accounts Receivable associated with inbound customers; and verification of controls associated with fees, manual tickets, stored tare weights, voids and issuance of tickets at Devlin Road Transfer Station operated by Northern Recycling Operations & Waste Services, LLC (Northern), for the quarter ended December 31, 2013.

### **Summary of the Engagement:**

For the purpose of our review, items requiring notification to the Board and management have been categorized as follows:

Results – A transaction or group of transactions that warrant notification to the Board and management but that do not require action from the involved parties.

Exception – A transaction or group of transactions that warrant notification to the Board and management and require action from the involved parties, such as a revision of procedures.

Based on our review of the quarter ended December 31, 2013, we noted the following results and exceptions as identified below by Category and Report Section:

### **Accounts Receivable**

- I **Result - Account Balances over 90 Days** – As of December 31, 2013, twenty-four (24) accounts had balances over 90 days past due for an amount of \$12,510.
- II.A **Result - Analysis of General Ledger Activity** - A total of \$3.2 million in revenue was received in cash, checks, credit card chargess and charges to accounts receivable during the quarter. See Exhibit B on page 8 of the attached report for the results of the analysis.
- II.B **Result - Shortage/Short Pays** - Four (4) short pays occurred for the cumulative amount of \$30.08. Two (2) of the short pays were paid during the quarter for a total of \$20.08, resulting in a net shortage of \$10 for the quarter. All short pay procedures were followed.

### **Internal Controls**

- III.A **Exception - Same Time In and Out** – During the quarter there were six (6) tickets with the same “Time In” and “Time Out” that were not Collection Contractors or public agencies for a cumulative amount of \$287.
- III.B **Exception - Negative Tickets** - During the quarter there were twenty-eight (28) tickets with negative amounts for a cumulative amount of \$6,673. Of those twenty-eight (28) tickets there were five (5) instances where the comment was not noted on the Daily Reconciliation Form.
- III.D. **Exception - Missing Tickets** - During the quarter, there were seventy-seven (77) tickets missing on the Scale Transaction Report. During the quarter ended December 31, 2013 Northern did not track the missing tickets manually or from a report generated by Softpak.

Please see the attached Internal Audit Report for a detail description of the results, exceptions, recommendations, and management responses noted during the review of the quarter ended December 31, 2013. Please note that management’s responses to the exceptions have been included; however, we did not review the responses, and

accordingly express no opinion on them.

**SUPPORTING DOCUMENTS**

A . NVWMA Report 12 31 13

Executive Director: Approve

Reviewed By: Martha Burdick